

Robert C. Coogan
Vice President - Accounting



**Cincinnati Bell
Telephone®**

201 E. Fourth St., 102 - 325
P. O. Box 2301
Cincinnati, Ohio 45201
Phone: (513) 397-7820
Fax: (513) 241-0423

November 1, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: Cincinnati Bell Telephone Company's Permanent Cost Allocation
Manual for the Separation of Regulated and Non-Regulated Costs -
Compliance Update Required by Report and Order in CC Docket
96 -128

Dear Mr. Caton:

Cincinnati Bell Telephone Company (CBT) hereby submits an original and one copy of revised Cost Allocation Manual (CAM) pages. The revised pages have been marked as requested by the Commission and revised language is shown in bold-face type. An Explanation of Changes Matrix is also included.

Copies of the Explanation of Changes Matrix, and revisions are being served upon all parties to this proceeding in accordance with the attached service list.

Also, provided herewith is a duplicate copy of this letter and attachments. Please date stamp and return this copy as acknowledgment of its receipt.

Sincerely,

Robert C. Coogan

Attachments

No. of Copies rec'd
List ABCDE

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EXPLANATION OF CHANGES MATRIX
NOVEMBER 1, 1996 FILING

Section/Page(s)	Change From	Change To	Reason For Change
1) II-3,3A,5	<i>Addition</i>	Inmate Calling Services CBT Services installs and maintains telephone equipment and provides collect call service to inmates at correctional institutions.	To reflect addition of a nonregulated service as the result of Declaratory Ruling RM 8181.
2) II-3,3A,5	<i>Addition</i>	Public Telephone CBT Services installs and maintains public telephone equipment and provides access to local or long distance calls by coin, credit card, third party or collect.	To reflect addition of a nonregulated service as the result of the Report and Order in CC Docket No. 96-128.
3) VI-14	Cost Pool Equals Subaccounts <i>Deletion</i>	Cost Pools Equals Account Regulated Directly Assign to Regulated [A]	The regulated cost pool for Account 2351 is being deleted as a result of the Report and Order in CC Docket No. 96-128. This change will result in an estimated shift from regulated investment to nonregulated investment of approximately \$ 4.1 M.

EXPLANATION OF CHANGES MATRIX
NOVEMBER 1, 1996 FILING

Section/Page(s)	Change From	Change To	Reason For Change
4) VI-29	<p>Cost Pool Equals Subaccounts</p> <p><i>Deletion</i></p> <p>Cost pool includes installation and maintenance activities for public telephones owned by the company.</p> <p>Cost pool includes installation and maintenance activities for public telephones maintained under a nonregulated agency agreement. This investment is not owned by the company.</p>	<p>Cost Pools Equals Account</p> <p>Regulated Directly Assign to Regulated [A]</p> <p>Cost pool includes installation and maintenance activities for public telephones owned by the company and public telephones not owned by the company but maintained under a nonregulated agency agreement.</p>	<p>The regulated cost pool for Account 6351 is being deleted as a result of the Report and Order in CC Docket No. 96-128. This change will result in an estimated annual decrease to regulated operations of approximately \$ 1.4 M.</p>

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COMMUNICATIONS CONSULTING SERVICES

CBT Services offers consulting services regarding communications equipment and services. This includes implementation and transition projects.

VIDEO TELECONFERENCING

CBT Services acts as a sales agent in selling video teleconferencing equipment, such as television monitors and cameras, owned by various other companies.

CALLING CARD SERVICE

CBT Services acts as a sales agent in marketing calling cards for interexchange carriers. For example, CBT Services has a contract with MCI to market its long distance calling cards to customers who chose MCI as their preferred interexchange carrier.

INTERNET ACCESS

CBT Services offers FUSE which provides business and residential customers access to the Internet.

DIRECT BROADCAST SATELLITE TELEVISION

CBT Services sells and installs Digital Satellite System (DSS) equipment and solicits customers for DIRECTV, Inc. and the U.S. Satellite Broadcasting Company, Inc.

INMATE CALLING SERVICES

CBT Services installs and maintains telephone equipment and provides collect call service to inmates at correctional institutions.

PUBLIC TELEPHONE

CBT Services installs and maintains public telephone equipment and provides access to local or long distance calls by coin, credit card, third party or collect.

2.0 NONREGULATED ACTIVITIES VERSUS ACCOUNTS

Table II.1 on the following page summarizes the major USOA asset and expense accounts affected by each of CBT's nonregulated activities.

USOA ACCOUNT	COMM CONSULT SVCS	VIDEO TELE- CONFER	CALLING CARD SVS	INTERNET ACCESS	DIRECT BROADCAST SATELLITE TELEVISION	INMATE CALLING SERVICE	PUBLIC TELEPHONE SERVICE
TELECOM PLANT:							
2111-2124 General Support Assets	X	X	X	X	X	X	X
2211-2232 Central Office Assets							
2311-2362 Info Orig Term Assets				X		X	X
2411-2441 Cable & Wire Fac Assets	(All purchased under tariff)						
2681-2690 Amortizable Assets				X	X	X	X
PLANT SPECIFIC OPER EXPENSE:							
6112-6116 Net Support Expense				X	X	X	X
6121-6124 Gen'l Support Expense	X	X	X	X	X	X	X
6211-6232 CO Switch Expense							
6311-6362 Info Orig Term Expense		X		X	X	X	X
(Expense directly identified)							
6411-6441 Cable & Wire Fac Exp	(All purchased under tariff)						
PLANT NONSPECIFIC OPER EXPENSE:							
6511-6512 Other Prop P&E Expense				X	X		
6531-6540 Network Oper Expense				X	X	X	X
6561-6565 Depre & Amort Expense	X	X	X	X	X	X	X
CUSTOMER OPER EXPENSE:							
6611-6613 Marketing Services	X	X	X	X	X	X	X
6621-6623 Customer Services			X	X	X	X	X
CORPORATE OPER EXPENSE:							
6711-6712 Executive & Planning	X	X	X	X	X	X	X
6721-6728 General & Admin	X	X	X	X	X	X	X

Table II-1. Nonregulated Activities Versus Accounts (cont.)

COST APPORTIONMENT MATRIX FOR PART 64 (86-111)

USOA - PART 32 ACCOUNT	COST POOL ASSIGNMENT BASIS	COST POOL	REGULATED/NONREGULATED APPORTIONMENT BASIS	SUB SEC 4.0 REF	COMMENTS
2351 - Public Telephone Terminal Equipment	Cost Pool Equals Account	Nonregulated	Directly Assign to Nonregulated	[A]	
2362 - Other Terminal Equipment	Cost Pools Equal Subaccounts	Regulated	Directly Assign to Regulated	[A]	Includes all regulated terminal equipment offered under tariff. For example, NCTE and Non-CPE equipment.
		Nonregulated	Directly Assign to Nonregulated	[A]	
2411 - Poles	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	
2421 - Aerial Cable	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	
2422 - Underground Cable	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	
2423 - Buried Cable	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	
2424 - Submarine Cable	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	
2425 - Deep Sea Cable			Not Used	[X]	
2426 - Intrabuilding Network Cable	Cost Pool Equals Account	Same as Account	Directly Assign to Regulated	[A]	

COST APPORTIONMENT MATRIX FOR PART 64 (86-111)

USOA - PART 32 ACCOUNT	COST POOL ASSIGNMENT BASIS	COST POOL	REGULATED/NONREGULATED APPORTIONMENT BASIS	SUB SEC 4.0 REF	COMMENTS
6311 - Station Apparatus Expense		Regulated	Directly Assign to Regulated	[A]	CBT has no Station Apparatus directly assigned to regulated
		Nonregulated	Directly Assign to Nonregulated	[A]	
	Analysis of Expenses by Functions	Common - No Access/ No Trouble Found	Indirect Attribution Regulated equals 75% of the ratio of regulated trouble counts cleared to total trouble counts cleared. Residual amount equals nonregulated.	[L]	
6341 - Large Private Branch Exchange Expense		Regulated	Directly Assign to Regulated	[A]	CBT has no Large PBX directly assigned to regulated
		Nonregulated	Directly Assign to Nonregulated	[A]	
	Analysis of Expenses by Functions	Common - No Access/ No Trouble Found	Indirect Attribution Regulated equals 75% of the ratio of regulated trouble counts cleared to total trouble counts cleared. Residual amount equals nonregulated.	[L]	
6351 - Public Telephone Terminal Equipment Expense	Cost Pool Equals Account				
		Nonregulated	Directly Assign to Nonregulated	[A]	Cost pool includes installation and maintenance activities for public telephones owned by the company and public telephones not owned by the company but maintained under a nonregulated agency agreement.

SERVICE LIST
CC DOCKET NO. 86-111

Federal Communications Commission

William F. Caton, Acting Secretary*
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

International Transcript Service*
1919 M Street, N.W., Room 246
Washington, D.C. 20036

Public Utilities Commission of Ohio

Daisy Crockron
Chief, Docketing Division
P U C O
180 East Broad Street
Columbus, Ohio 43266-0573

Kurt D. Wesolek
Telecommunications Division,
P U C O
180 East Broad Street, 3rd Floor
Columbus, Ohio 43266-0573

Debbie Hensel
Accounts and Audits Division
P U C O
180 East Broad Street
Columbus, Ohio 43266-0573

Rodger McDonald
Accounts and Audits Division
P U C O
180 East Broad Street, Rm. 644
Columbus, Ohio 43266-0573

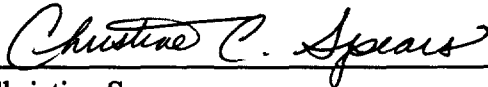
Alltel Corporation

Denny Curry
Alltel Corporation
P.O. Box 2177
Little Rock, Arkansas 72203

*** Delivered by hand**

CERTIFICATE OF SERVICE

I, Christine Spears, do hereby certify on this 1st, day of November 1996, that a copy of the forgoing Cincinnati Bell Telephone Company's revised Cost Allocation Manual pages has been mailed, via prepaid first class United States mail to the persons on the attached Service List.


Christine Spears